



## **WATER RESOURCES RESEARCH GRANT PROPOSAL**

**Project ID:** 2002HI2B

**Title:** A win-win approach to water pricing and watershed conservation

**Project Type:** Research

**Focus Categories:** Economics, Conservation, Water Supply

**Keywords:** economics; allocation; pricing; conservation

**Start Date:** 03/01/2002

**End Date:** 02/28/2003

**Federal Funds Requested:** \$24,375

**Non-Federal Matching Funds Requested:** \$48,986

**Congressional District:** Hawaii 1st

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**Abstract**

An integrated model of water pricing and watershed conservation will be developed. The benefits of adopting the efficient integrated policy will be compared to the status quo policy of under-pricing water and under-maintaining the watershed and to the policy of adopting efficient pricing without efficient watershed management. The model will be applied to Leeward Oahu. In particular, we will explore the hypothesis that efficient watershed maintenance will lower the efficiency price of water enough to offset the increase in price required for efficiency pricing without proper maintenance. This leads to the possibility of a win-win-win situation. Current consumers avoid the severe water rationing that would accompany the continuation of current pricing policies in the face of substantial watershed damage. Future consumers avoid the inevitably high prices associated with the required use of desalinated water. Tourists and other consumers of the environment also win, making the policy a prototype for sustainable resource management and sustainable tourism.